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(23) Yomiuri poll: 36% want to see DPJ win in Lower House election;
32% have hopes for LDP

YOMIURI (Page 2) (Full)
August 11, 2007

The Yomiuri Shimbun on Aug. 4-5 carried out a nationwide follow-up survey on the Upper House election, based on an interview formula. The survey asked pollees which party -- the Liberal Democratic Party (LDP) or the Democratic Party of Japan (DPJ or Minshuto) -- they want to see win in the next Lower House election. The number of pollees who want the DPJ to win reached 36% , while 32% cited the LDP. Some 31% were undecided.

The result indicated that people have great expectations of the DPJ in the next Lower House election but that there are also many who want to make up their mind, after determining the responses of the Abe administration and the DPJ in the future.

Regarding when they wanted to see a dissolution of the Lower House and a general election, 32% , the largest number, replied "as soon as possible," followed by 21% who said "within the year," and 16% who replied "by Sept. 2009, when Prime Minister Abe's term of office expires."

By party affiliation, a total of 74% of those who support the DPJ and a total of 54% who have no party affiliation said that they hoped to see a dissolution of the Lower House and a general election either "as soon as possible" or "within the year."

To a question on what sort of administration framework they want to have, 27% , or the largest number replied, "A coalition government of opposition parties led by the DPJ." "The present coalition between the LDP and the New Komeito" and "an administration based on a new framework created after the reorganization of the ruling and opposition camps" were cited by 21% , respectively.

(24) DPJ to field candidates in 300 constituencies for next Lower

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House election, even if it takes place this year; Ozawa to reprise nationwide campaign

YOMIURI (Page 4) (Full)
August 12, 2007

With an eye on an early dissolution of the House of Representatives, Minshuto (Democratic Party of Japan) will start preparations for a possible Lower House election. The DPJ is now considering advertising for candidates, aiming at deciding on its candidates to run in the 300 single-seat constituencies before the end of the year. President Ichiro Ozawa will resume a nationwide stumping tour in September or later.

Ozawa told his party members in a meeting on Aug. 7: "Next is the Lower House election. I want you to put all your efforts into regional and Diet activities while being on your guard."

The Lower House election is contested in 300 single-seat electoral districts and the proportional representation segment, which has 180 seats. Ozawa has now set a target of winning more than 150 of the single-seat districts. "We will be certain to become the largest party in the Lower House if we win half of the single-seat districts," said a senior party member. The DPJ has yet to decide on its candidates for 97 single-seat districts, mostly in such urban areas as Tokyo and Osaka, where it suffered a humiliating setback in the 2005 Lower House race, as well as in the Shikoku and Kyushu regions, in which its electoral turf is regarded as weak.

In a bid to file candidates in "vacant districts," the DPJ will likely advertise for candidates as early as the fall. The party predicts that talented people will apply since the public expectations of it have grown because of its strong achievement in the Upper House election. It intends to pick candidates for the single-seat electoral districts from among new successful candidates selected from among new applicants and 150 former candidates. It will conduct a public opinion poll to explore voter preferences in the single-seat constituencies as a reference to setting priority districts.

Ozawa will visit the party's prefectural chapters and regional

organizations of Rengo (Japan Trade Unions Confederation) in an attempt to strengthen ties between them. He is confident about obtaining support from swing voters in urban areas. He then intends to work hard in winning voters in agricultural circles in the campaign for the next Lower House election as he did so for the latest Upper House race. Nearly ten former senior agricultural cooperative officials joined a group to discuss agricultural policy, which was made up of former agricultural cooperative officials and DPJ lawmakers, in June. The party wishes to solicit participants from across the nation.

Meanwhile, Rengo plans to step up its efforts for the next Lower House election. As the electoral districts of the Upper House election system are composed of 47 prefectures, the support system was created under the lead of Rengo's prefectural headquarters. However, the reality is that there are differences in organizational power in the prefectures.

Rengo plans to realign more than 400 regional councils nationwide into about 300, which would become support bases for the single-seat constituencies.

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(25) Interview with Ishiba, leader of the call for Abe's resignation

TOKYO SHIMBUN (Page 20) (Abridged)
August 11, 2007

Katsumi Sekiguchi

Lawmakers of the governing Liberal Democratic Party (LDP) are calling on Prime Minister Shinzo Abe to step down to take the responsibility for the crushing defeat in the July 29 Upper House election one after the other. In the vanguard of the call is former Defense Agency Director-General Shigeru Ishiba (50). What is the problem with Abe staying in office as prime minister? The Tokyo Shimbun interviewed Ishiba, who criticizes Abe in public, about his feelings.

On Aug. 10, Ishiba said in his room of the No. 2 Diet members' Office Building: "Prime Minister Abe appears to be clinging to his position. I know the Upper House election is not an opportunity for voters to choose which party should come to power. But Mr. Abe declared it was an election to do so. I can't put aside that fact." He spoke in a gentle manner, choosing his words as he spoke, but every word was harsh.

Ishiba since the Upper House election has criticized Abe for staying on, reiterating at LDP meetings, including the one of the General Council: "Prime Minister Abe repeatedly asked voters to choose between himself and DPJ President Ichiro Ozawa. How can he explain this situation to voters?" Meanwhile, Abe has asked for his party's understanding about his staying in office, saying, "I must repent what I should repent." Ishiba, however, looked perplexed.

Ishiba noted: "Prime Minister Abe needs to indicate quickly what was rejected (by the crushing defeat) and how the LDP should reform itself. Criticism in the LDP of the prime minister is presumably attributable to the prime minister's failure to explain what to repent rather than his staying on as prime minister. LDP lawmakers, including myself, will return to their hometowns during the O-bon holidays and meet with their supporters. But they have nothing to explain to voters why Prime Minister Abe stays on."

Some former cabinet members, including former Education Minister Kenji Kosaka and former Defense Agency Director-General Gen Nakatani, likewise have called on Abe to step down. The critical view of Abe for his staying on in office is gaining momentum in the LDP, but it is unlikely to dominate. Why?

Pointing to the mood in the party for tolerating Abe's staying in office, Ishiba critically explained: "Mr. Abe is likely to be in power for the time being. So, some in the party think that they want to grab cabinet portfolios or party executive posts and serve the

state and the nation." "But if the LDP goes down," he added, "there won't be any posts."

Selection of cabinet members by ability

The next Lower House election will literally be an opportunity to choose which party should hold reins of government. Can the LDP stay in power under the leadership of Prime Minister Abe?

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Ishiba noted: "If Prime Minister Abe signals a clear message that he will give due consideration to both the now impoverished rural areas and the weak, and if he wins the public's sympathy, I have no objection to his staying on. But without doing so, he has simply declared that he'll stay on. He is undermining the LDP's image and in a way helping the opposition parties to come to power. Is it all right to let this situation go as is?"

Last September, Abe installed his friends in cabinet posts, like the appointment of Yasuhisa Shiozaki for the post of chief cabinet secretary, and because of that, he came under fire in and outside

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the LDP. The way Abe will reshuffle his cabinet and the LDP executives on Aug. 27 is likely to serve as a litmus test to see whether he has changed.

Ishiba said: "Now that the opposition parties hold a majority in the Upper House, it has become unprecedentedly difficult for the ruling parties to manage the Diet. The LDP should get out of faction-based pecking order and seniority and instead adopt meritocracy in the selection of the cabinet members and LDP executives. The LDP is now in a crisis. Pursuing harmony in the party is important, but there would be no point in doing so if our party stumbles in the Diet in doing so."

Ishiba reiterates criticism of Abe in public. Does he have no hesitation about alienating the prime minister who concurrently serves as president of the LDP?

Ishiba answered: "I have no hesitation. I have no grudge against Prime Minister Abe. I simply do not want to see such a person who thinks criticism in the party of him will die down as the time goes by."

(26) Public opinion and government: Public moving away from "9/11" mentality

MAINICHI (Page 2) (Abridged)
August 8, 2007/08/09

Jitsuro Terashima, chairman of the Japan Research Institute

Interviewer: Sei Uchiyama

-- Why do you think the ruling Liberal Democratic Party (LDP) suffered a crushing defeat (in the July 29 Upper House election)?

Terashima: Some have analyzed that the public exploded in anger against the pension fiasco and the politics-and-money scandals. But I think this analysis is superficial. In the public's subconscious, there was surely the "9/11" mentality, but I mean this does not point to the "9/11" in the United States but the "9/11" general election in Japan in 2005.

At the time the voters were asked whether to support the reform of postal services, including their privatization. And they voted for the continuation of the so-called Koizumi reform. They, however, realized afterwards that their choice concerned sovereignty and led to moves for revising the Basic Education Law and the Constitution. That was not what the public had desired. To add to that, the pension fiasco and other political problems fueled the voters' discomfort with the government.

-- The major opposition Democratic Party of Japan's (DPJ) President Ichiro Ozawa has been opposed to extending the Antiterrorism Special Measures Law. Don't you think this will have an ill effect on Japan-US relations?

Terashima: There seem to be moves for departing from the 9/11 mentality at home and abroad. I don't think this situation will be settled if only the law is extended. Japan should take this opportunity to reconsider its engagement in the Middle East by separating the war on terror in Afghanistan from the Iraq war and then to give the impression abroad that Japan's decision is profound. If Japan's assertion is based on its policy debate and reasonable, it will not hurt the Japan-US alliance.

-- Is Japan's foreign policy problem-free?

Terashima: The Bush administration began calling China a "strategic stakeholder" instead of a "strategic competitor," the term it had used previously, and turned course to look for ways to build reciprocal relations. Given this situation, I think the Abe administration's present attitude that the Japan-US alliance is the only bedrock supporting Japan is too simple-minded. Taking this opportunity, the Abe administration, which is no longer able to push things by numbers, should review its diplomacy in a modest manner.

-- Are economic circles alarmed by this situation?

Terashima: The three major economic organizations will not take action unless the establishment falls into a crisis. For example, they would closely bond together should the Japanese Communist Party come into power. But now is not the time for us to have an ideological conflict, so I don't have any sense of ideological crisis.

-- There seems to be a significant impact on economic policy. In fact, the government-sponsored Tax System Research Council's Chairman Yutaka Kosai indicated it has become difficult to hike the consumption tax.

Terashima: The overall tax system should be reviewed, for instance, how to distribute wealth. If hiking the consumption tax is unavoidable, politicians must explain that directly to the people. It is never a good thing to say that no discussion of the consumption tax will be held in response to the election results.

-- Will the outcome of the elections affect talks on the free trade agreements (FTAs) or economic partnership agreements (EPAs)?

Terashima: I don't think so. Rather, Japan and the US, whose economies resemble each other in terms of maturity, should take the lead in concluding an FTA. If Japan is unable to do so, that would mean Japan lacks vision.

-- The cabinet is to be reshuffled by the end of this month. What do you expect of a new cabinet?

Terashima: The problem with the current cabinet is that it lacks prudence in words and policies. The LDP has personnel well-versed in economic, foreign, and security policies. My advice is that the ruling parties should establish a working cabinet that will not go along with public opinion but can signal appropriately to the public.

(27) Reform of independent administrative agencies to become important test for prime minister; Battle with government agencies over administrative and fiscal downsizing

and central government agencies will move into full swing over reform of independent government agencies, for each government agency is expected to come up with a consolidation and streamlining plan within this month in response to the basic consolidation and streamlining guidelines illustrating strict abolition standards by example adopted by the government at a cabinet meeting on Aug. 10.

Prime Minister Abe, who is determined to stay in office, wants to make administrative and fiscal downsizing centered on reform of independent administrative agencies one of the features of the reconstruction of his administration. However, there was a case during the Koizumi administration of the reform efforts having been rendered null and void with government agencies giving zero-replies over reform of special organizations in protest of losing their vested interests.

Reform of independent administrative agencies will likely become a touchstone of Abe's effort to maintain his administration.

Downsizing worth 1% of consumption tax projected

The main features of the basic consolidation and streamlining guidelines include abolition of projects other than those indispensable for people's lives and stabilizing the socio-economy, a ban in principle on arbitrary contracts and sale of assets in possession to the private sector. A government source said, "It would be possible to cut the number of projects by 50% , as all projects with the exception of absolutely necessary ones, will be scrapped.

The Kantei is rushing reform of independent administrative agencies out of a desire to first reduce expenditures in a far-reaching manner instead of looking into the possibility of a tax hike because of the harsh fiscal condition of the state, as a close aide to the prime minister put it.

When the Koizumi administration reformed special corporations and authorized corporations in 2001, fiscal expenditures totaling 1.9 trillion yen were slashed. Since the state outlays approximately 3.5 trillion yen a year to independent administrative agencies as subsidies, the Kantei has calculated that if such outlays are cut, it would be possible to achieve a constraint on spending worth approximately 2.5 trillion yen or equivalent to 1% of the consumption tax.

Independent administrative agencies are one of major organizations that award retired bureaucrats with high positions. The Kantei wants to dig into the structure of cozy ties between the bureaucracy and the private sector with the introduction of a ban in principle on discretionary contracts and far-reaching disclosure of information on companies awarded with contracts.

Zero replies likely

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There is concern that the reform drive could be watered down by the time when a consolidation and streamlining program is due to be compiled in December. Cabinet ministers will draft a plan to streamline independent government agencies under their ministry's jurisdiction by the end of this month. Chances are they might come up with a zero reply noting that they have not redundant agencies.

In the reform of special corporations, the main pillar of the Koizumi administration's structural reforms without sanctuary, all of 163 corporations were up for scrapping and privatization. However, meeting fierce opposition from government agencies, only 21 corporations were consolidated and reorganized, 30 corporations were privatized, and 39 were merely renamed and became independent administrative agencies.

State Minister Yoshimi Watanabe did not show wariness, simply saying, "I would like to sternly watch what replies we will receive." However, he and Chief Cabinet Secretary Yasuhisa Shiozaki have already received petitions from various cabinet ministers asking for the continuation of projects. Some ruling party members

are keeping their distance from the Abe cabinet with one medium-ranking member saying, "I wonder if the Abe cabinet still has strength left to fight government offices at Kasumigaseki."

(28) Revision of greenhouse gas emissions reduction program: Council members in interim report criticize optimism over nuclear power

MAINICHI (Page 2) (Full)
August 11, 2007

The Environment Ministry and the Ministry of Economy, Trade and Industry are now taking a second look at the greenhouse gas emissions reduction goal attainment program that the government adopted in line with the Kyoto Protocol. They yesterday held a joint council meeting and compiled an interim revision report. Noting that progress of the program is in an extremely harsh state, the report projected that even if all measures were accomplished as planned, the program would still fall short of meeting the reduction goal by 20 million tons in fiscal 2010. If the measures were taken at the present pace, 34 million tons of emissions would be left unachieved. The program is based on a high operation rate of nuclear power plants and a precondition that industrial circles will smoothly achieve their voluntary action programs. Many council members voiced a harsh view with one saying, "The premises of the government program are far too optimistic,"

The problem about the government's goal attainment program is that it assumes an operation rate of nuclear power plants at 87% -88% , a level that has never been achieved in the country. The rate in fiscal 2003 was 59.7% due to the fact that Tokyo Electric Power Co. hid glitches. The operation rate has been around 70% since fiscal 2004. If a thermal electric power station were operated as a substitute for the Kashiwazaki-Kariwa nuclear power station, which stopped operations due to the Chuetsu earthquake, carbon dioxide emissions would likely increase more than 28 million tons a year, or 2% of the whole.

Provided that carbon dioxide emissions increase with the operation rate of nuclear power stations falling short of the targeted level, the Federation of Electric Power Companies of Japan (FEPCJ) plans to make up for the shortage by purchasing emissions rights from abroad.

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Purchasing emissions rights costs about 1,000-3,000 yen per ton at present. One FEPCJ official noted, "There is the possibility of our discussing passing the buck of the cost of the purchases of emissions rights to the power generation cost."

Participants voiced objections to the handling of carbon dioxide trading, which has been in effect put on hold, with one noting that purchasing carbon dioxide is an issue that requires consideration from a comprehensive perspective. Under the carbon dioxide trading system, each company will be allocated an emissions framework. Companies that failed to constrain carbon dioxide emissions within the framework can purchase emissions rights from companies whose carbon dioxide emissions were below the framework.

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